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Ensuring adequate financing of family planning commodities and services

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EVIDENCE BRIEF

Family Planning Financing

→ Ensuring Adequate Financing of Family Planning Commodities and Services

Increasing efficient and effective investment in family planning through the public and private sectors is key to meeting the FP2020 goal of helping 120 million additional women become modern contraceptive users. Despite efforts by country governments, donors and individuals are responsible for nearly half (49%) of the costs of reproductive, maternal, neonatal, and children's health (7). Household expenditures dwarf the contributions of both domestic and international funding sources. Future efforts to reduce unmet need for FP must consider consumers' out-of-pocket costs, programmatic cost-effectiveness, and sources of funding.

CHALLENGES TO FINANCING FAMILY PLANNING

The estimated direct and indirect annual cost of providing modern contraceptive services to 671 million users in developing regions is US\$6.3 billion (2). Direct costs include contraceptives, supplies, and health worker salaries. Indirect costs include programme support, information and education on FP, construction and maintenance of facilities, and supply chain management. This results in a total average (including direct and indirect) cost for modern contraception per person per year in developing regions of US\$1.01.

Expanding and improving services to meet the needs of all women and girls in developing regions (an additional 214 million) for modern contraception would cost US\$12 billion annually (including direct and indirect) or US\$1.93 per person per year (2).

The average cost per person in developing regions for modern contraceptive services and maternal and newborn care is US\$8.56 or US\$53.6 billion annually (2). Investing in both contraceptive and maternal and newborn services together results in a net savings of \$6.9 billion compared with investing in maternal and newborn health care alone.

If current trends in increased contraceptive use in 148 developing countries and territories continue, there will be a funding gap of US\$322 million in 2020 for commodities alone (2). If the FP2020 goal were fully achieved, the remaining funding gap between amounts spent on supplies in 2014 and 2020 would be US\$541 million (3).



POLICY AND PROGRAMME CONSIDERATIONS

- Ensure **sustained fundraising, pooling, and strategic purchasing** in order to scale up delivery systems for contraceptive methods.
- Increase the number of additional family planning users by **reaching new users and improving continuation rates among current users**.
- Conduct **further research on family planning quality performance metrics**, such as the method information index, to test their correlation with higher continuation rates. Client dissatisfaction and discontinuation represent significant risks to the success of FP2020.

Resources from donors have increased over time, with the US historically being the largest bilateral donor followed by the UK (3). In 2015, the US contributed nearly half (47%) of the bilateral funding for FP, contributing US\$638 million, and the UK contributed US\$269.9 million (20%) (4).

There are also multilateral sources of funding, with the UNFPA spending about 43% of its funds or US\$341 million on FP in 2015 and the World Bank spending US\$251 million on population and reproductive health. (4). Following the creation of the Global Financing Facility (GFF), the World Bank is expected to have a greater role in FP (4).

Foundations and the private sector have also made sizeable contributions to reproductive health, with the Bill & Melinda Gates Foundation, for example, spending US\$148 million for family planning in 2015 (4). And pharmaceutical companies have played a role in partnership with donors through innovative financing mechanisms that have seen significant reductions in the price of contraceptives – most notably by Bayer and Merck for contraceptive implants.

However, the outlook for future donor funding is uncertain given the instability in currency exchange rates, changing donor-country political agendas, creation of the GFF, and other global developments. The 2018 US budget withheld contribution to UNFPA and level funded family planning, however significant reductions are planned in 2017 (4).

Moreover, domestic funding commitments are highly variable between countries. Domestic financing will likely require more engagement of ministries of finance as well as ministries of health to emphasize the demographic dividend. The demographic dividend is an increase in economic growth and development that could be achieved if changes in the population age structure result in declining fertility rates as a result of increased contraceptive use coupled with investments to improve education, job creation, efficiency in revenue generation and tax collection, and increased tax rates (7). Greater integration of public and private sectors in service delivery, pooling of procurement, and strategic purchasing will lead to more efficient and higher per capita spending with more consistent investment. Serving women and hard-to-reach populations in low-income countries requires an integrated approach to strengthening health systems in order to move toward universal health coverage (7).

CONSIDERATIONS FOR ENSURING ADEQUATE FINANCING OF FAMILY PLANNING COMMODITIES AND SERVICES

Increasing the number of additional FP users is achieved both by reaching new users and by improving continuation rates among current users (5,6). Further research on FP quality performance metrics, such as the method information index, is needed to test their correlation with improved continuation rates. Particularly as contraceptive prevalence increases, client dissatisfaction and discontinuation represent a significant risk to the success of the FP2020 initiative (7).

Achieving universal access to family planning would have one of the highest benefit-cost ratios among a wide choice of policy options for development (8). Social and economic benefits for women, their families, and societies will result from increases in women’s and children’s education, increases in women’s earnings, and further reductions in poverty (2). In health, prevention is much cheaper than treatment; the cost of modern contraception is much lower than providing care for unintended pregnancies. For each additional dollar spent on FP above the current level, the cost of pregnancy-related care in developing regions is reduced by US\$2.20 (2). If needs for modern contraception and maternal and newborn care were fully met, the result would be a net savings of US\$6.9 billion compared with investing in maternal and newborn health care alone (2). Investing in modern contraception will provide a great return on investment that compounds over time (12).

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This is one of seven Family Planning Evidence Briefs prepared for the Family Planning Summit held in London on July 11, 2017. The briefs highlight evidence and provide research and programme considerations for improving access to family planning and reducing unintended pregnancy. Programme considerations are based on the expert views of the authors, who undertook desk reviews drawing on existing evidence.

Family Planning Evidence Briefs

- Accelerating uptake of voluntary, rights-based family planning in developing countries (*overview*) (Updated October 2018)
- Family Planning Financing (Updated October 2018)
- Reducing early and unintended pregnancies among adolescents (Updated October 2018)
- Improving family planning service delivery in humanitarian crises
- Ensuring contraceptive security through effective supply chains
- Expanding contraceptive choice (Updated October 2018)
- Partnering with the private sector to strengthen provision of contraception

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